

# **Kentucky Agricultural Finance Corporation**

## **Minutes of the September 6, 2013 Meeting**

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, September 6, 2013 at 10:30 a.m. CDT at the Pilgrim's Pride Processing Plant, 2653 State Route 1241, Hickory, KY. Commissioner Comer, presiding, called the meeting to order.

Special Note: Prior to the Board Meeting the Kentucky Agricultural Finance Corporation Board Members were given a tour of Pilgrim's Pride Processing Plant led by Kevin Crider. During lunch Jamie Guffey, of the Kentucky Poultry Federation, made a short presentation and answered questions.

### **Notification of Press**

Commissioner Comer received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation (KAFC) monthly meeting.

### **Roll Call**

#### ***Members Present***

Commissioner Comer, George Begley, Kenny Burdine, Wayne Hunt, Larry Jagers, Doug Lawson, Frank McAninch, Joel Oney,

#### ***Members Absent***

Westy Adams, Tom Midkiff (designee for Secretary Flanery), Frank Penn

#### ***Others Present***

**Staff** – Roger Thomas, Cyndi Hall, Bill McCloskey

**Guests** – Jamie Guffey, Kentucky Poultry Federation; Cory Bridges, Kentucky Department of Agriculture; Trent Murdock, Graves County Extension Agent; Josh Bailey, First Community Bank; Gary Riley, River Valley AgCredit; Carol Jagers, Rene, Natalie and Catherine McAninch

### **Review and Approval of Minutes**

Joel Oney moved to approve the minutes of the July 19, 2013 meeting of the KAFC Board of Directors; Doug Lawson seconded the motion. *The motion passed without dissent.*

### **Reports**

#### **Executive Director's Report**

Commissioner Comer called on Roger Thomas to give the Executive Director's Report.

Mr. Thomas reported to the board regarding various meetings/events held and attended since the last board meeting.

## Director of Financial Services Report

Commissioner Comer called on Bill McCloskey to give the Director of Financial Services Report. Mr. McCloskey presented the new format for the Financial Report:

KAFC Statement of Financial Position	
<b>ASSETS (as of 07/31/2013):</b>	
Interest Earned from Loans	\$ 3,745,802
Interest Earned from State Investment Commission	1,099,409
Funds Transferred to Acct 2803	(3,000,000)
Interest Fund (2802 Acct.)	1,845,211
Principal/Loan Fund (2803 Acct.)	3,657,715
Loan Funds Disbursed	32,054,443
Write Off*	(948,110)
Authorized, unissued	2,000,000
<b>Total Assets</b>	<b>\$38,609,259</b>

\*Burton Coordinated Value-Added Assistance Loan defaulted due to bankruptcy

**Larry Jagers moved to approve the financial report and the new format of the report;** Frank McAninch seconded the motion. *The motion passed without dissent.*

## New Business

The following applications were received between July 3, 2013 and August 23, 2013.

### **Agricultural Infrastructure Loan Program - Discussion and Action**

**AF13-0042**                      **Rock, Gary** – Pending

**AF13-0043**                      **Bush, Brandon and Christina**– Applicants requested \$37,500 for the construction of a barn in Clark County. Central Kentucky AgCredit in Lexington is the participating lender. This loan was approved by staff (07/31/2013) based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

**AF13-0045**                      **Williams, James and Elizabeth / Williams Poultry Inc.** – Applicants requested \$78,500 for the acquisition of a solar panel system in Calloway County. FNB Bank in Murray is the participating lender. Staff recommended loan approval. **Kenny Burdine moved to approve AF13-0045, based on staff's recommendation, pending fund availability;** Mr. McAninch seconded the motion. *The motion passed without dissent.*

## **Beginning Farmer Loan Program - Discussion and Action**

**AF13-0044**                    **Hale, Brandon** – Applicant requested \$102,750 for the purchase of 75.6 acres in Warren County. Independence Bank in Bowling Green is the participating lender. Staff recommended loan approval. **Wayne Hunt moved to approve AF13-0044, based on staff's recommendation, pending fund availability;** Mr. Jagers seconded the motion. *The motion passed without dissent.*

**AF13-0048**                    **Gatton, Charles "Brent"** – Applicant requested \$52,500 for the purchase of a 2007 freightliner and a 2014 grain trailer in McLean County. Sacramento Deposit Bank in Sacramento is the originating lender. Staff recommended loan approval. **Mr. McAninch moved to approve AF13-0048, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

**AF13-0049**                    **Graham, Jeremy** – Applicant requested \$100,000 for the purchase of a 2014 Kinze 3600 ASD planter in McLean County. Sacramento Deposit Bank in Sacramento is the originating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF13-0049, based on staff's recommendation, pending fund availability;** Mr. Jagers seconded the motion. *The motion passed without dissent.*

## **New Agricultural Enterprise Loan Program - Discussion and Action**

**AF13-0046**                    **Igleheart, Christopher and Jennifer** – Applicants requested \$250,000 for the construction of three (3) FarBest Turkey houses, a shop and a litter shed in McLean County. US Bank in Hopkinsville is the participating lender. Staff recommended loan approval. **Mr. Oney moved to approve AF13-0046, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.*

**AF13-0047**                    **Poole, Wesley and Jennifer** – Applicants requested \$250,000 for the construction of three (3) FarBest Turkey houses, a shop and a litter shed in Daviess County. Farm Credit Mid-America in Owensboro is the participating lender. Staff recommended loan approval. **Dr. Burdine moved to approve AF13-0047, based on staff's recommendation, pending fund availability;** Mr. Lawson seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

**AF13-0050**                    **Glenn, Robert** – Applicant requested \$250,000 for the construction of three (3) FarBest Turkey houses, a shop and a litter shed in Daviess County. Farm Credit Mid-America in Owensboro is the participating lender. Staff recommended loan approval contingent on withdrawal of AF13-0018. **Mr. Jagers moved to approve AF13-0050, based on staff's recommendation, pending fund availability;** Mr. Hunt seconded the motion. *The motion passed without dissent.* Joel Oney abstained.

## **Old Business**

### **Extension Request – No Action Necessary**

**AF11-0037**                    **McLean, John / MacFarms, Inc.** - Ron Wise, loan officer with United Citizens Bank, requested an extension on the expiration date of loan AF11-

0037 on the behalf of John McLean of MacFarms, Inc. Mr. McLean was approved for \$250,000 for the construction of an anaerobic digester at the October 14, 2011 KAFC Board Meeting. He has not finished the project and expects to need about six (6) more months. This request is for an extension to March 14, 2014. Staff recommended approving this request.

**AF12-0012**                      **Hardin, William "Todd"** – Richard Medley, loan officer with Central Ky AgCredit, requested an extension on the expiration date of loan AF12-0012 on behalf of Todd Hardin. He was approved for \$40,000 for the construction of a 50,000 bushel grain bin in Marion County at the June 15, 2012 KAFC Board Meeting. The contractors for the grain bin have had an internal dispute, which has caused delays in the final assembly of the grain bin. Mr. Hardin hopes to acquire equipment that will allow him to finish the bin himself. The request is for an additional 3 months. This request is for an extension to November 11, 2013. Staff recommended approving this request.

**AF12-0044**                      **Williford, Michael** - Josh Bailey, loan officer with First Community Bank, requested an extension on the expiration date of loan AF12-0044 on behalf of Michael Williford. He was approved for \$250,000 for construction of two (2) Tosh swine finishing barns, at the February 1, 2013 KAFC Board Meeting. Mr. Tosh is in the process of building his own sow unit at this time and is about 3 months behind. Once the sow unit is complete, there are 2 other finishing units ahead of the Willifords. He hopes to begin the Williford project next spring. In light of these circumstances Mr. Bailey is requesting a 9 month extension on the start of the project (May 1, 2013) and a 12 month extension on completion (February 1, 2015). Staff recommended approving this request

**AF13-0023**                      **McCain, Fergus**– Richard Medley, loan officer with Central Ky AgCredit, requested an extension on the expiration date of loan AF13-0023 on behalf of Fergus McCain. He was approved for \$109,000 for purchase of 114 acres in Casey County at the May 10, 2013 KAFC Board Meeting. There has been a title dispute on the property which is nearing resolution. Mr. Medley requested the extension in order to have additional time to close the loan. This request is for an extension to December 15, 2013. Staff recommended approving this request.

**Dr. Burdine moved to extend the expiration date of all extension requests presented, based on staff's recommendation;** Mr. McAninch seconded the motion. *The motion passed without dissent.*

#### **Paid in Full – No Action Necessary**

AF06-0034 Jones, Bart  
AF06-0084 Rector, Donald  
AF08-0030 Jury, Richard

#### **Withdrawal – No Action Necessary**

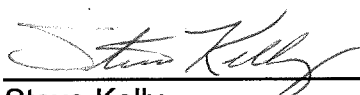
AF12-0025 Wilson, James / Meat Hook, LLC  
AF13-0005 Shern, Brad / River Bottom Tobacco

**Closing Remarks**

The next meeting of the KAFC Board will be Friday, October 4, 2013 at the Transportation Cabinet Office Building, 200 Mero Street, Frankfort, KY. KY. The regular business meeting of KAFC will begin at 10:00 a.m. EDT.

**Wayne Hunt moved to adjourn;** Mr. Lawson seconded the motion. *The motion passed without dissent.* The meeting adjourned at **11:30** a.m. CDT.

**APPROVED:** 10/4/2013

**PRESIDING OFFICER:**   
Steve Kelly

**SECRETARY:**   
Cyndi Hall